

Wayne Hedberg

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JUL 11 2001

DIVISION OF
OIL, GAS AND MINING

M/015/077

Mr. Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: Tentative Decision to Approve
Blue Castle Mine
M/015/077
Emery County, Utah

Dear Mr. Braxton:

Please find enclosed suggested changes to the Draft Public Notice and Technical Assessment for the Blue Castle Large Mining Plan. The changes we are providing are based on the agreements reached on the 4/19/01 site visit and the subsequent resubmittal of the Mine Plan. Following is a list of each suggested change and the reason for such:

1- Notice of Tentative Decision to Approve

a. After Operations:

- (1) Suggested Change: Replace "composted manure at the rate of 10 tons/acre" with "upgraded to at least original quality".

Reason: During the on-site meeting, it was made very clear that GoldTerra did not intend to create a new soils type on the property by adding 10 ton/acre of composted manure. This can be verified by checking with Mr. Dean Nyffeler of the B.L.M. I'm also sure Mr. Tony Gallegos of the Division will verify this. GoldTerra did commit to testing the soil prior to redistribution, and upgrading the soil, if necessary, to at least the quality of the original soil. This would include fertilization and/or addition of organics as necessary.

- (2) Suggested Change: Eliminate the entire sentence "The proposed final pit configuration will create a 49.9 acre floor; because soil is only available for a 10.48 acre portion of this area, the remainder of the pit floor will receive only composted manure at a rate of 10 tons/acre then be ripped and seeded".

Reason: Once again, during the on-site meeting and the subsequent plan revision, it was determined that soil replacement, ripping and seeding would occur only on those areas where the acceptable soils occurred (Units R, A₂ and TLX). Available soils/boulders from map unit Sn, which is the "remaining 111.57 acres of the mining area" as indicated in your draft decision, would be salvaged and replaced as possible during the mining process. No seeding or other preparation or soil enhancement would be done on the salvaged material from this map unit. The extent of that map unit is clearly shown in the "Soils Report" (Appendix 2) of the Mine Plan. The reclamation plan, as discussed on-site, is shown on Plate IV of the Mine Plan.

An additional reason for eliminating this sentence is the fact that the referenced "pit floor" of 49.9 acres will be basically solid rock after mining. Topsoil will be saved and respread over 10.48 acres of this area, but not on the remainder. To add composted manure and try to rip this hard, unweathered shale to create a seed bed is beyond any agreements reached during our discussions. The agreement was to salvage and replace the pockets of soils/boulders within this soils type (without seeding) to attempt to re-create the existing condition as nearly as possible.

2- Executive Summary

a. Surety:

(1) Suggested Change: Change "\$390,200" to "\$222,600".

Reason: The Division surety amount is based on 72.6 acres of reclaimed area. Even if the pit floor of 49.9 acres is considered, the overall total should be no more than 51.10 acres, since the 10.48 acres of the mining area slated for topsoil replacement is included in the 49.9 acres. This would result in a maximum of 51.1 acres for the surety calculations (11.68 ac. millsite + 10.48 ac. mining + 49.9 ac. pit floor - 10.48 ac. mining). Since the remainder of the pit floor reclamation cost should not be considered (as agreed on-site), the actual area to be considered in the bonding should be 24.04 acres as presented in the plan (11.68 ac. millsite + 10.48 ac.

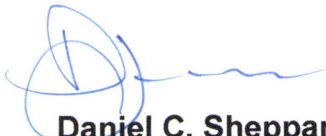
mining + 1.88 ac. small mine plan). The proposed \$222,600 surety represents applicable figures supplied by the Division, using the 24.04 acres for proposed reclamation.

In summary, the information presented in the Executive Summary and the Draft Notice of Tentative Decision to Approve is inconsistent with that agreed upon during the 4/19/01 on-site meeting and subsequent submittal of the revised plan. This is extremely frustrating for 2 reasons:

- (1) None of the proposed differences were discussed with GoldTerra or Blackhawk Engineering since the on-site and revised plan submittal, leading us to believe the plan would be approved as written, and
- (2) These differences, which were the main reason for the previous delays on approval, were supposedly resolved during the on-site meeting. Their resurrection at this late date does nothing more than further delay a tentative approval of a plan which was originally submitted to the Division on 12/8/99, some 19 months ago!

We would very much appreciate your timely review of our suggested changes. Please let us know of your decision as soon as possible.

Sincerely,



Daniel C. Sheppard
President

cc: Wayne Hedberg UDOGM
Dan Guy Blackhawk Engineering
Pruitt, Gushee & Bachtell
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